

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
NORTHERN STATES POWER COMPANY,)	
a Wisconsin corporation, for recognition of revised)	Case No. U-18185
depreciation rates.)	
_____)	

At the December 20, 2016 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER

On October 10, 2016, Northern States Power Company (NSP-W), a Wisconsin corporation, filed an application for recognition of revised depreciation rates approved by the Public Service Commission of Wisconsin (PSCW).

As of December 2016, only two percent of NSP-W's electric and five percent of its natural gas operations are in the Michigan retail jurisdiction. Therefore, NSP-W proposes to use the same depreciation rates established by the PSCW for its Michigan retail jurisdiction and requests that the Commission recognize these new depreciation rates for accounting purposes. Historically, the Commission has followed this approach, most recently in connection with Wisconsin Public Service Corporation in Case No. U-16269, Wisconsin Electric Power Company in Case No. U-16231, and NSP-W in Case No. U-17575.

The PSCW issued an order on October 22, 2015, in Docket No. 4420-DU-109, attached as Exhibit A, certifying that NSP-W's proposed depreciation rates are reasonable and proper for computing the annual depreciation expense for each class of its utility plant, including electric and gas property. NSP-W has a pending natural gas rate case in Case No. U-18140, which reflects these PSCW-approved depreciation rates in its base rate proposal. All costs, including the depreciation expense resulting from these rates, are subject to review in Case No. U-18140.

The Commission finds that the depreciation rates set forth in Exhibit A are reasonable and in the public interest, and should be approved. Approval of the PSCW-approved rates will not result in an increase in any rates or charges to customers in this case, and therefore, *ex parte* approval of the application is appropriate.

THEREFORE, IT IS ORDERED that the depreciation rates as set forth in attached Exhibit A are approved.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscdockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of December 20, 2016.

Kavita Kale, Executive Secretary

Northern States Power Company
MPSC Case No. U-18185

Exhibit A

SERVICE DATE
Oct 22, 2015

PSC REF#: 277166

Public Service Commission of
Wisconsin RECEIVED: 10/28/15,

PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Northern States Power Company-Wisconsin for Approval
of Adjustments to its Proposed Remaining Lives Depreciation for Test
Year 2016

4220-DU-109

FINAL DECISION

This is the Final Decision in the application of Northern States Power Company-Wisconsin (NSPW or company), a Wisconsin Corporation, doing business as Xcel Energy, for approval of its proposed remaining lives depreciation for electric production and gas storage accounts. In its application, NSPW proposed that the depreciation rates for electric production and gas storage facilities be adjusted to reflect passage of time along with other miscellaneous adjustments. The new rates are to be effective January 1, 2016. A Notice of Investigation was served on July 27, 2015.

Findings of Fact

1. The depreciation revisions as proposed by the company in its filing of May 28, 2015, reflect remaining useful life, updated retirement schedules, and salvage values, and as such are reasonable.
2. The depreciation adjustments requested by the company related to electric production and gas storage facilities will decrease depreciation expense by an estimated \$7,271,933 in 2016, on a total company level.

Opinion

On May 28, 2015, NSPW filed its proposed components for remaining lives depreciation. Adjustments were proposed only for facilities in which significant new expenditures have been made, contract or licensing agreements have changed, or some other observable fact occurred that was expected to either shorten or lengthen the remaining life of the facility.

NSPW proposed that the electric production and gas storage facilities be adjusted to reflect the "passage of time" with further proposed changes to remaining lives for the Bay Front steam production plant, the Saxon Falls hydro production plant, the French Island Combustion Turbine, and the HFU turbine at the same production location, and the Eau Claire Liquefied Natural Gas storage plant. The overall result of the recommended changes to remaining lives on depreciation expense for the 2016 test year is an estimated decrease of \$5,547,446 for steam production, \$59,421 for other production, \$1,513,755 for hydro production, and \$151,311 for gas storage for a total decrease of \$7,271,933. NSPW has proposed that all requested changes become effective January 1, 2016.

Commission staff reviewed the proposed changes for consistency and reasonableness. As part of this review, Commission staff looked at the most significant changes by comparing the proposed rates to similar depreciation rates used by comparable utilities. Based on Commission staff's review, the Commission finds that NSPW's proposed adjustments are reasonable.

Conclusions of Law

1. The Commission has jurisdiction under Wis. Stat. § 196.09 to certify its determination of depreciation assumptions in accordance with the Findings of Fact.
2. The Commission has jurisdiction under Wis. Stat. §§ 196.02 and 196.06 to prescribe the manner and form of recording transactions in accordance with the Findings of Fact.

Order

1. The depreciation assumptions regarding remaining lives and passage of time shown in Schedule 1, attached and made a part of this Final Decision, are certified to NSPW, a

Docket 4220-DU-109

public utility, as reasonable and proper for computing annual depreciation. Subject to Order

Condition 2, these depreciation assumptions shall be effective as of January 1, 2016.

Dated at Madison, Wisconsin, October 22, 2015.

For the Commission:

A handwritten signature in black ink, appearing to read "Jeffrey J. Ripp", written over a horizontal line.

Jeffrey J. Ripp
Administrator
Division of Energy Regulation

JJR:CASw:jlt:DL:01270332

See attached Notice of Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
610 North Whitney Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.¹ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

¹ See *Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

Northern States Power Company (Wisconsin)
Schedule of Certified Depreciation Lives and Rates

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Electric Utility
Steam Production

Account	Description	Net Salvage (%)	Remaining Life 01/01/16
Bay Front			
E311	Structures & Improvements	-10	19.0 yrs
E312	Boiler Plant Equipment	-2	19.0
E314	Turbogenerators	-10	19.0
E315	Accessory Electric Equipment	-10	19.0
E316	Miscellaneous Power Plant Equipment	5	19.0
French Island			
E311	Structures & Improvements	-10	8.0 yrs
E312	Boiler Plant Equipment	-2	8.0
E314	Turbogenerators	-10	8.0
E315	Accessory Electric Equipment	-10	8.0
E316	Miscellaneous Power Plant Equipment	5	8.0
French Island RDF			
E311	Structures & Improvements	-10	8.0 yrs
E312	Boiler Plant Equipment	-2	8.0
E314	Turbogenerators	-10	8.0
E315	Accessory Electric Equipment	-10	8.0
E316	Miscellaneous Power Plant Equipment	5	8.0

Electric Utility

Northern States Power Company (Wisconsin)
Schedule of Certified Depreciation Lives and Rates

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Hydro Production

Account	Description	Net Salvage (%)	Remaining Life 01/01/16
Apple River			
E331	Structures & Improvements	-10	9.0 yrs
E332	Boiler Plant Equipment	-15	9.0
E333	Turbogenerators	-5	9.0
E334	Accessory Electric Equipment	-5	9.0
E335	Miscellaneous Power Plant Equipment	5	9.0
Big Falls			
E331	Structures & Improvements	-10	21.1 yrs
E332	Boiler Plant Equipment	-15	21.1
E333	Turbogenerators	-5	21.1
E334	Accessory Electric Equipment	-5	21.1
E335	Miscellaneous Power Plant Equipment	5	21.1
Cedar Falls			
E302	Franchises and Consent	0	19.3 yrs
E331	Structures & Improvements	-10	19.3
E332	Boiler Plant Equipment	-15	19.3
E333	Turbogenerators	-5	19.3
E334	Accessory Electric Equipment	-5	19.3
E335	Miscellaneous Power Plant Equipment	5	19.3
Chippewa Falls			
E331	Structures & Improvements	-10	18.0 yrs
E332	Boiler Plant Equipment	-15	18.0
E333	Turbogenerators	-5	18.0
E334	Accessory Electric Equipment	-5	18.0
E335	Miscellaneous Power Plant Equipment	5	18.0
Cornell			
E331	Structures & Improvements	-10	7.9 yrs
E332	Boiler Plant Equipment	-15	7.9
E333	Turbogenerators	-5	7.9
E334	Accessory Electric Equipment	-5	7.9
E335	Miscellaneous Power Plant Equipment	5	7.9

Electric Utility

Northern States Power Company (Wisconsin)
Schedule of Certified Depreciation Lives and Rates

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Hydro Production

Account	Description	Net Salvage (%)	Remaining Life 01/01/16
Eau Claire Dells			
E302	Franchises and Consent	0	17.8 yrs
E331	Structures & Improvements	-10	17.8
E332	Reservoirs, Dams & Waterways	-15	17.8
E333	Waterwheels, Turbines & Generators	-5	17.8
E334	Accessory Electric Equipment	-5	17.8
E335	Miscellaneous Power Plant Equipment	5	17.8
Gile Flowage			
E331	Structures & Improvements	-10	9.0 yrs
E332	Reservoirs, Dams & Waterways	-15	9.0
E334	Accessory Electric Equipment	-5	9.0
Hayward			
E331	Structures & Improvements	-10	10.0 yrs
E332	Reservoirs, Dams & Waterways	-15	10.0
E333	Waterwheels, Turbines & Generators	-5	10.0
E334	Accessory Electric Equipment	-5	10.0
E335	Miscellaneous Power Plant Equipment	5	10.0
Holcombe			
E302	Franchises and Consent	0	17.8 yrs
E331	Structures & Improvements	-10	17.8
E332	Reservoirs, Dams & Waterways	-15	17.8
E333	Waterwheels, Turbines & Generators	-5	17.8
E334	Accessory Electric Equipment	-5	17.8
E335	Miscellaneous Power Plant Equipment	5	17.8
Jim Falls			
E331	Structures & Improvements	-10	17.8 yrs
E332	Reservoirs, Dams & Waterways	-15	17.8
E333	Waterwheels, Turbines & Generators	-5	17.8
E334	Accessory Electric Equipment	-5	17.8
E335	Miscellaneous Power Plant Equipment	5	17.8
Ladysmith			
E331	Structures & Improvements	-10	20.0 yrs
E332	Reservoirs, Dams & Waterways	-15	20.0
E333	Waterwheels, Turbines & Generators	-5	20.0
E334	Accessory Electric Equipment	-5	20.0
E335	Miscellaneous Power Plant Equipment	5	20.0

Electric Utility
Hydro Production

Northern States Power Company (Wisconsin)
Schedule of Certified Depreciation Lives and Rates

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Account	Description	Net Salvage (%)	Remaining Life 01/01/16
Menomonie			
E302	Franchises and Consent	0	19.3 yrs
E331	Structures & Improvements	-10	19.3
E332	Reservoirs, Dams & Waterways	-15	19.3
E333	Waterwheels, Turbines & Generators	-5	19.3
E334	Accessory Electric Equipment	-5	19.3
E335	Miscellaneous Power Plant Equipment	5	19.3
Riverdale			
E331	Structures & Improvements	-10	16.0 yrs
E332	Reservoirs, Dams & Waterways	-15	16.0
E333	Waterwheels, Turbines & Generators	-5	16.0
E334	Accessory Electric Equipment	-5	16.0
E335	Miscellaneous Power Plant Equipment	5	16.0
St. Croix Falls			
E331	Structures & Improvements	-10	12.0 yrs
E332	Reservoirs, Dams & Waterways	-15	12.0
E333	Waterwheels, Turbines & Generators	-5	12.0
E334	Accessory Electric Equipment	-5	12.0
E335	Miscellaneous Power Plant Equipment	5	12.0
Saxon Falls			
E331	Structures & Improvements	-10	9.0 yrs
E332	Reservoirs, Dams & Waterways	-15	9.0
E333	Waterwheels, Turbines & Generators	-5	9.0
E334	Accessory Electric Equipment	-5	9.0
E335	Miscellaneous Power Plant Equipment	5	9.0
Superior Falls			
E331	Structures & Improvements	-10	9.0 yrs
E332	Reservoirs, Dams & Waterways	-15	9.0
E333	Waterwheels, Turbines & Generators	-5	9.0
E334	Accessory Electric Equipment	-5	9.0
E335	Miscellaneous Power Plant Equipment	5	9.0

Electric Utility
Hydro Production

Northern States Power Company (Wisconsin)
Schedule of Certified Depreciation Lives and Rates

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Account	Description	Net Salvage (%)	Remaining Life 01/01/16
Thornapple			
E331	Structures & Improvements	-10	21.1 yrs
E332	Reservoirs, Dams & Waterways	-15	21.1
E333	Waterwheels, Turbines & Generators	-5	21.1
E334	Accessory Electric Equipment	-5	21.1
E335	Miscellaneous Power Plant Equipment	5	21.1
Trego			
E331	Structures & Improvements	-10	9.9 yrs
E332	Reservoirs, Dams & Waterways	-15	9.9
E333	Waterwheels, Turbines & Generators	-5	9.9
E334	Accessory Electric Equipment	-5	9.9
E335	Miscellaneous Power Plant Equipment	5	9.9
White River			
E331	Structures & Improvements	-10	9.6 yrs
E332	Reservoirs, Dams & Waterways	-15	9.6
E333	Waterwheels, Turbines & Generators	-5	9.6
E334	Accessory Electric Equipment	-5	9.6
E335	Miscellaneous Power Plant Equipment	5	9.6
Wissota			
E302	Franchises and Consent	0	17.8 yrs
E331	Structures & Improvements	-10	17.8
E332	Reservoirs, Dams & Waterways	-15	17.8
E333	Waterwheels, Turbines & Generators	-5	17.8
E334	Accessory Electric Equipment	-5	17.8
E335	Miscellaneous Power Plant Equipment	5	17.8

Electric Utility
Other Production

Northern States Power Company (Wisconsin)
Schedule of Certified Depreciation Lives and Rates

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Account	Description	Net Salvage (%)	Remaining Life 01/01/16
Flambeau Station			
E341	Structures & Improvements	-5	2.0 yrs
E342	Fuel Holders	0	2.0
E343	Prime Movers	0	2.0
E344	Generators	0	2.0
E345	Accessory Electric Equipment	0	2.0
E346	Miscellaneous Power Plant Equipment	0	2.0
French Island Combustion Turbine			
E341	Structures & Improvements	-5	7.0 yrs
E342	Fuel Holders	0	7.0
E343	Prime Movers	0	7.0
E344	Generators	0	7.0
E345	Accessory Electric Equipment	0	7.0
E346	Miscellaneous Power Plant Equipment	0	7.0
Prairie Island Air Monitor			
E346	Miscellaneous Power Plant Equipment	0	18.3 yrs
Wheaton Gas Turbine			
E341	Structures & Improvements	-5	10.0 yrs
E342	Fuel Holders	0	10.0
E343	Prime Movers	0	10.0
E344	Generators	0	10.0
E345	Accessory Electric Equipment	0	10.0
E346	Miscellaneous Power Plant Equipment	0	10.0

Gas Utility
Gas Storage

Northern States Power Company (Wisconsin)
Schedule of Certified Depreciation Lives and Rates

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Account	Description	Net Salvage (%)	Remaining Life 01/01/16
Eau Claire LNG			
G361	Structures & Improvements	0	9.0 yrs
G362	Gas Holders	-10	9.0
G363	Purification Equipment	0	9.0
G363.1	Liquefaction Equipment	0	9.0
G363.2	Vaporizing Equipment	0	9.0
G363.3	Compressor Equipment	0	9.0
G363.4	Measuring & Regulating Equipment	0	9.0
G363.5	Other Equipment	0	9.0

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